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Amendment No. 4 to SB0899

**Henry
Signature of Sponsor**

AMEND Senate Bill No. 899

House Bill No. 832*

by adding the following new section immediately preceding the last section and by renumbering the subsequent section accordingly:

SECTION ____ Tennessee Code Annotated, Title 67, chapter 6, Part 5, is amended by adding the following section:

(a) For purposes of this section, a "bundled transaction" means a transaction consisting of distinct and identifiable telecommunications services which are sold for a single nonitemized price.

(b) In the case of a bundled transaction of telecommunications services, if the price is attributable to services that are taxable and services that are nontaxable, the portion of the price attributable to the nontaxable services shall be subject to tax unless the provider can reasonably identify such portion from its books and records kept in the regular course of business for purposes other than sales taxes.

(c) In the case of a bundled transaction of telecommunications services, if the price is attributable to services that are subject to tax at different rates, the total price shall be treated as attributable to the services subject to tax at the higher combined state and local tax rate unless the provider can reasonably identify the portion of the price attributable to the services subject to tax at the lower rate from its books and records kept in the regular course of business for purposes other than sales taxes.

(d) If the taxes that would have otherwise been collected on the distinct and identifiable telecommunications services would have been designated to

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different funds or purposes, such designation shall be based on the same allocation utilized in (b) or (c). However, if the total of the bundled transaction was subjected to tax or subjected to tax at the higher combined state and local rate a reasonable allocation method approved by the commissioner shall be made for designation of the taxes to the different funds or purposes.

(e) The provisions of this section shall be effective with respect to bills submitted by telecommunications service providers to their customers that are dated on or after January 1, 2004.